

JUN 9 - 1952

LISTED APRIL 25th, 1952
4,000,000 shares without par value
Ticker abbreviation PDO
Dial ticker number 338
Post section 3.4

TORONTO STOCK EXCHANGE

LISTING STATEMENT

PONDER OILS LTD.

Incorporated under the Alberta Companies Act, Part III, by Certificate of Incorporation dated June 15th, 1951.

1. Address of the Company's Head Office and of any other offices:
Head Office: 402 Bamlett Building, Calgary, Alberta.
Field Office: Devon, Alberta.
2. Officers of the Company:

OFFICE HELD	NAME	ADDRESS	OCCUPATION
President	Paul Moseson	Wetaskiwin, Alberta	Lumberman
Managing Director	Wilbert Lawrence Falconer	1141 Ninth Street N.W., Calgary, Alberta	Engineer
Secretary	John James Saucier, Q.C.	2226 Amherst Street, Calgary, Alberta	Solicitor
3. Directors of the Company:

NAME	ADDRESS	OCCUPATION
Paul Moseson	Wetaskiwin, Alberta	Lumberman
Wilbert Lawrence Falconer	1141 Ninth Street N.W., Calgary, Alberta	Engineer
John James Saucier, Q.C.	2226 Amherst Street, Calgary, Alberta	Solicitor
4. Names and addresses of all transfer agents:
Montreal Trust Company, 15 King Street West, Toronto 1, Ontario, and 122 Seventh Avenue West, Calgary, Alberta.
5. Particulars of any fee charged upon transfer other than customary government taxes:
50 cents per new certificate.
6. Names and addresses of all registrars:
Montreal Trust Company, 15 King Street West, Toronto 1, Ontario, and 122 Seventh Avenue West, Calgary, Alberta.
7. Amount of authorized capital: \$2,250,000.00.
8. Number of shares and par value: 4,000,000 shares, no par value.
9. Full details of all shares issued in payment for properties or for any other assets other than cash:

Date	No. of Shares	Consideration
November 22, 1951	723,000	In consideration of 748,000 fully paid shares, Mr. Moseson paid \$5,000.00 and assigned to the Company: (1) An undivided 25% of all his right, title and interest by virtue of a farm-out agreement dated 25th May, 1951 (herein referred to as "the Imperial agreement") made between himself and Imperial Oil Limited, in Imperial Leduc No. 253 well in the Leduc-Woodbend field, certain production equipment thereon, and Lsd. 5 and the N.W. ¼ of S. 13-50-27, W. 4th Mer., down to and including the Nisku (D-2) member of the Winterburn formation, plus a further undivided 25% in any legal subdivision thereof which Banff Oil Ltd. might not elect to acquire; (2) An undivided 30% of all his right, title and interest by virtue of the Imperial agreement in Lsd. 6 of the same section, down to and including the Nisku (D-2) member of the Winterburn formation. For the same consideration, Mr. Moseson agreed with the Company: (a) At his own cost and expense, to prosecute to such extent as a majority of the directors of the Company shall request, an action now pending in the Supreme Court of Alberta, Judicial District of Edmonton, between himself and Pierre, otherwise known as Peter, Berube pertaining to the validity of a lease (hereinafter referred to as "the Berube lease") made on or about the 25th January, 1951, whereby Mr. Berube leased to Mr. Moseson all petroleum, natural gas and related hydrocarbons other than coal within, upon or under: the E. ½ of S. 31, the N.W. ¼ of S. 35, in Township 50; the S. ½ of S. 1, the N. ½ of S. 2, the N.E. ¼ of S. 3, in Township 51, all in Range 24, West of the 4th Meridian, for the term of 2 years subject to the terms and conditions therein contained, and in the event such action shall result in validation of the Berube lease, Mr. Moseson shall assign all his right, title and interest therein to the Company; (b) To transfer to the Company 4 units of the capital of Kavanagh Oil Syndicate whereby he is entitled to 20% of the assets of such syndicate, being a petroleum and natural gas lease of the N. ½ of S. 19, in Township 48, Range 24, West of the 4th Meridian, in the Kavanagh area. By the same instrument the Company agreed with Mr. Moseson that the Company will indemnify Mr. Moseson against all of his obligations: (a) Under the Imperial agreement and subleases issued thereunder to the extent of 25% thereof or 50% thereof in respect of any legal subdivision whereon Banff Oil Ltd. shall elect not to participate in the drilling of a well; and (b) His liability of \$1,000.00 in respect of the said four units of Kavanagh Oil Syndicate.

Total..... 723,000

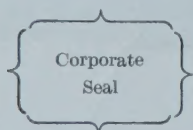
This listing statement is a copy of the listing application made by the applicant company. The Exchange has received no consideration in connection with the issue of this listing statement other than the customary listing fee. The papers and exhibits submitted by the applicant company in support of the listing application are open for inspection at the general office of the Exchange.

10. Full details of all shares sold for cash.	<table><tr><th>Date</th><th>No. of Shares</th><th>Price per share</th><th>Amount realized by Company</th></tr><tr><td>June 15, 1951.....</td><td>3</td><td>40c</td><td>\$ 1.20</td></tr><tr><td>October 30, 1951.....</td><td>251,997</td><td>40c</td><td>100,798.80</td></tr><tr><td>November 7, 1951....</td><td>145,000</td><td>60c</td><td>87,000.00</td></tr><tr><td>November 22, 1951..</td><td>25,000</td><td>20c</td><td>5,000.00</td></tr><tr><td>November 29, 1951..</td><td>55,000</td><td>60c</td><td>33,000.00</td></tr><tr><td>January 22, 1952.....</td><td>300,000</td><td>\$1.25</td><td>375,000.00</td></tr><tr><td>March 25, 1952.....</td><td>200,000</td><td>\$1.57½</td><td>315,000.00</td></tr><tr><td>Total.....</td><td>977,000</td><td></td><td>\$915,800.00</td></tr></table>	Date	No. of Shares	Price per share	Amount realized by Company	June 15, 1951.....	3	40c	\$ 1.20	October 30, 1951.....	251,997	40c	100,798.80	November 7, 1951....	145,000	60c	87,000.00	November 22, 1951..	25,000	20c	5,000.00	November 29, 1951..	55,000	60c	33,000.00	January 22, 1952.....	300,000	\$1.25	375,000.00	March 25, 1952.....	200,000	\$1.57½	315,000.00	Total.....	977,000		\$915,800.00
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11. Total number of shares issued.	1,700,000.																																				
12. Number of shares now in treasury or otherwise unissued.	2,300,000.																																				
13. Particulars of any issued shares held in trust for the Company or donated for treasury purposes.	None.																																				
14. Date of last annual meeting.	No annual meeting yet held.																																				
15. Date of last report to shareholders.	No report yet.																																				
16. Details of any treasury shares (or shares issued subject to payment or shares held for the benefit of the treasury) now under option or the subject of any underwriting or sales agreement. If none, this to be stated.	None.																																				
17. Details of any shares pooled, deposited in escrow, non-transferable, or held under any syndicate agreement or control.	748,000 shares, being all of the stock issued in payment for properties as set out in item 9, and the 25,000 shares issued for cash at 20c per share as set out in item 10, are held in escrow by Montreal Trust Company at Calgary, subject to release, transfer or other alienation only with the written consents of the Registrar, the Securities Act (Alberta) and the Ontario Securities Commission.																																				
18. Details of any registration with or approval or authority for sale granted by or any filing with a Securities Commission or corresponding Government body.	(1) Notice of Registration B1916 dated 30th October, 1951, by the Registrar, Securities Act (Alberta) as to 200,000 shares at 60c cash; and (2) Notice of Registration B2028 dated 18th January, 1952, by the said Registrar as to 300,000 shares at \$1.25 cash. (3) By letter dated January 21, 1952, the Registrar, Ontario Securities Commission, acknowledges receipt of the required material with regard to the issue of 300,000 shares at \$1.50 per share. (4) By letter dated April 4, 1952, the Registrar, Ontario Securities Commission, acknowledges receipt of the required material with regard to the issue of 200,000 shares at \$2.00 per share.																																				
19. Has any application for registration with or approval or authority for sale by or any filing with a Securities Commission or corresponding Government body ever been refused, cancelled or revoked? If so, give particulars.	No.																																				

20. Particulars of any bonds, debentures, notes, mortgages, charges, liens or hypothecations outstanding.	Assignments to The Royal Bank of Canada as security for advances made or to be made to the Company of all moneys from time to time payable to the Company with respect to its interest in the net proceeds of production of: (1) Lsd's. 6, 11, 12 and 14 of S. 13-50-27, W. 4; and (2) The S. ½ of S. 17-50-26, W. 4.
21. Enumerate fully, giving claim or property numbers, approximate acreage, townships and mining camp or oil field: (a) Properties owned where titles vested in Company. (b) Properties leased. (c) Properties otherwise held. Give particulars of title held by the Company in each instance (e.g. patented, unpatented, Crown granted, held under mining license, perpetual lease, etc.)	See "List of Properties" on page 5.
22. Full particulars of any royalties or other charges payable upon production from each individual property.	See "Royalties on Company Properties" on page 6.
23. Are any lawsuits pending against the Company or any of its properties, or are there any other circumstances which might affect the Company's position or title adversely? If so, explain fully.	No.
24. Describe plant and equipment on property.	Casing and tubing in drilling and producing wells and conventional equipment for drilling wells now drilling and for taking production from the wells now producing.
25. Describe development accomplished and planned.	10 wells drilled to production; 11 wells producing; 3 production batteries built and in operation; and 2 rigs under contract in process of moving to drill 2 further wells on the lands subleased by Imperial Oil Limited, and one further well on the lands mentioned in the said agreement dated 1st November, 1951, between Model Oils Limited and the Company.
26. Date and author of mining engineer's or petroleum geologist's report filed with this application and available for inspection on request.	March 21st, 1952. John R. McKay, 620 Eighth Avenue West, Calgary, Alberta.
27. Full particulars of production to date.	The share of the Company: 22,485 barrels.

28. Have any dividends been paid? If so, give date, per share rate, and amount paid in dollars on each distribution.	No.
29. Name and address of the solicitor or attorney whose certificate as to titles and to the fact that there are no encumbrances or tax arrears has been filed with the Exchange.	Nolan, Chambers, Might, Saucier, Peacock & Jones, 600-605 Lancaster Building, Calgary, Alberta.
30. Name and address of the solicitor or attorney whose certificate that the applicant is a valid and subsisting company and that the shares which have been allotted and issued were legally created and are fully paid and non-assessable has been filed with the Exchange.	Nolan, Chambers, Might, Saucier, Peacock & Jones, 600-605 Lancaster Building, Calgary, Alberta.
31. Has the listing of any shares of the Company ever been refused or deferred on any stock exchange? If so, give particulars.	No.
32. (a) Have any shares of the Company ever been listed on any other stock exchange? If so, give particulars. (b) Is any application for listing the shares of the Company on any other stock exchange now pending or contemplated? If so, give particulars.	Calgary Stock Exchange, since February last.

Dated at Calgary, Alberta, the 31st day of March, 1952.



PONDER OILS LTD.

"P. MOSESON," *President.*

"J. J. SAUCIER," *Secretary.*

STATEMENT SHOWING NUMBER OF SHAREHOLDERS as of February 29, 1952

<i>Number</i>	<i>Shares</i>
36 Holders of 1 - 100 shares.....	3,500
227 " " 101 - 1000 "	135,547
37 " " 1001 - 2000 "	67,050
26 " " 2001 - 3000 "	68,200
6 " " 3001 - 4000 "	22,500
17 " " 4001 - 5000 "	82,050
29 " " 5001 - up "	1,121,153
378 Stockholders	Total shares..... 1,500,000

Note: Since February 29, 1952, the date of the above statement, the Company has sold a further 200,000 treasury shares, as shown in item 10 on page 2, which are not included in the above total of 1,500,000 shares.

LIST OF PROPERTIES

PROPERTIES LEASED

(1) By a petroleum and natural gas lease dated 30th October, 1950, Michael Stockman, of 10522, 79th Avenue, Edmonton, Alberta, being the registered owner of all petroleum, natural gas and related hydrocarbons except coal within, upon or under the S.E. $\frac{1}{4}$ of Section 7, in Township 51, Range 24, West of the 4th Meridian, in the Nisku area, leased the same to John Joseph Miller, Louis Henry Myers and William R. Zeidler, all of 9663, 101A Avenue, Edmonton, Alberta, for the term of 3 years from that date, and so long thereafter as the leased substances or any of them are produced from the said lands and royalty is being paid to the Lessor, subject to termination if the drilling of a well shall not be commenced within 2 years, unless the lessees shall have paid to the lessor the sum of \$1,000.00; and reserving to the lessor a gross royalty of 12 $\frac{1}{2}$ % of the current field price of all the leased substances produced, saved and sold from the said lands.

By an assignment dated 12th January, 1951, the said Louis Henry Myers assigned all his right, title and interest in the said lands to the said John Joseph Miller. By assignment dated 3rd December, 1951, Messrs. Miller and Zeidler assigned all their right, title and interest in and to the said lands to Scurry Oils Limited (hereinafter called "Scurry") and the Company in equal undivided shares, in consideration of the sum of \$5,000.00 paid to them.

(2) By a petroleum and natural gas lease dated 30th October, 1950, August Hoffman of 10456, 76th Avenue, Edmonton, Alberta, being the registered owner of all the petroleum, natural gas and related hydrocarbons except coal within, upon or under: (a) the S.E. $\frac{1}{4}$ of Sec. 1-51-25, West of the 4th Mer., and (b) the N.W. $\frac{1}{4}$ of Sec. 5-51-24, West of the 4th Mer., in the Nisku area, leased the same to the said John Joseph Miller, Louis Henry Myers and William R. Zeidler for the term of 3 years from that date, and so long thereafter as the leased substances or any of them are being produced from the said lands and royalty is being paid to the lessor, subject to termination if the drilling of a well shall not be commenced within 2 years unless the lessees shall have paid to the lessor the sum of \$1,000.00; and reserving to the lessor a gross royalty of 12 $\frac{1}{2}$ % of the current field price of all of the leased substances produced, saved and sold from the said lands.

By assignment in writing dated 12th January, 1951, Mr. Myers assigned all his right, title and interest in the said lands to Mr. Miller. By assignment dated 3rd December, 1951, Messrs. Miller and Zeidler, in consideration of the sum of \$10,000.00 paid to them by Scurry and the Company, assigned the said lease to Scurry and the Company.

(3) By petroleum and natural gas lease dated 30th May, 1947, Lucienne Blanchard, executrix of the estate of Raoul Blanchard, of Edmonton, Alberta, deceased, being the registered owner of all that portion of the S.W. $\frac{1}{4}$ of Sec. 9-50-23, West of the 4th Mer. which is not covered by the waters of Lake No. 10 as shown on a plan of survey of the said township signed at Ottawa on the 9th March, 1894, containing 143 acres more or less in the Joseph Lake area, leased the same to Charles E. Crocker of Edmonton, Alberta, for the term of 10 years from that date and as long thereafter as the leased substances shall be produced from the leased lands, in consideration of \$1,600.00 by way of rental to the 30th May, 1948, subject to a covenant by the lessee to commence drilling operations on the said lands on or before that date, and that in the event of no well being in process of drilling or no commercial production having been or being taken from the said lands, the lessee should pay to the lessor a rental of \$1.00 per year per acre of the demised lands not previously abandoned or surrendered, on the 1st day of June, 1948, and in each year thereafter; and reserving to the lessor a gross royalty of 12 $\frac{1}{2}$ % of the field price at the well of all of such leased substances produced and sold.

By order of the Supreme Court of Alberta dated 4th June, 1947, the said lease was approved. By agreement dated 26th August, 1949, Mr. Crocker assigned to Glenn J. Fisher, of Edmonton, Alberta, the said lease in consideration of a gross royalty of 2 $\frac{1}{2}$ % of all such leased substances, thereby reserved to Mr. Crocker. By an assignment dated 12th April, 1950, Mr. Fisher assigned an undivided one-half interest in the said lease to Marie Distler, of 109 S. Park, Aberdeen, Washington, U.S.A. By an agreement dated 14th May, 1951, Mr. Crocker assigned to Mr. Fisher the said gross royalty. By agreement dated 21st May, 1951, Mr. Fisher and Marie Distler assigned their interest in the said lease to Donald N. MacKenzie of Edmonton, Alberta.

By agreement dated the 20th July, 1951, Mr. MacKenzie assigned his interest in the said lease to Mr. Fisher. By agreement dated the 7th December, 1951, Mr. Fisher, in consideration of \$5,000.00 and a gross royalty of 2 $\frac{1}{2}$ % of the market value of all petroleum and natural gas or products or by-products thereof produced and saved from the said lands, assigned an undivided one-half interest in the said lease to each of Scurry and the Company.

(4) By a petroleum and natural gas lease dated 18th September, 1950, George Bulman, of Millet, Alberta, Farmer, as the registered owner of all mines and minerals other than coal which may be found within, upon or under the S.W. $\frac{1}{4}$ of Sec. 35-47-26, West of the 4th Mer., in the Wizard Lake area, leased the petroleum, natural gas and related hydrocarbons other than coal therein to Morley G. Merner of Wetaskiwin, Alberta, for the term of 3 years from that date and so long thereafter as the leased substances or any of them are produced from the said lands or operations for the recovery of the same are being conducted, reserving to the lessor a gross royalty of 12 $\frac{1}{2}$ % of all the leased substances produced and sold from the said lands. By an indenture dated 28th September, 1951, Mr. Merner, in consideration of the sum of \$12,000.00 paid to him by the Company, assigned the last mentioned lease to the Company.

PROPERTIES OTHERWISE HELD

(1) By a farm-out agreement dated the 25th day of May, 1951 (hereinafter referred to as "the Imperial agreement"), made between Paul Moseson, of Wetaskiwin, Alberta, and Imperial, Imperial sold to Mr. Moseson Imperial Leduc No. 253 well situated upon legal subdivision 11 of Sec. 13-50-27, West of the 4th Mer., for \$25,342.93, together with the equipment therein described, for \$14,657.07, and Imperial thereby agreed:

(a) Subject to the consent in writing first had and obtained of the lessor of the said legal subdivision, if the terms of the lease so require, to sublet to Mr. Moseson the said legal subdivision for the remainder of the term and any renewal or extension thereof less the last day of each; and

(b) To transfer to Mr. Moseson all its rights, title, estate and interest in and to the surface rights and rights-of-way on such lands owned by Imperial.

Imperial Leduc No. 253 well is a producing well.

By the same agreement Mr. Moseson agreed amongst other things at his own cost and expense within 60 days from the date thereof to commence and thereafter diligently and continuously prosecute and carry to completion the drilling of a well for the recovery of petroleum, natural gas and related hydrocarbons other than coal (herein referred to as "the leased substances") on legal subdivision 6 of the same section, and Imperial agreed upon the completion thereof, subject to any necessary consent of its lessor, to sublet to Mr. Moseson its rights as lessee of all that portion of legal subdivisions 5 and 6 and the N.W. $\frac{1}{4}$ of the said Section 13 down to and including the Nisku (D-2) member of the Winterburn formation (hereinafter referred to as "the said lands"), for the remainder of the term and any extension or renewal thereof less the last day of each.

The Imperial agreement also provided amongst other things that:

(i) If production is obtained and taken from any well on the said lands other than Imperial Leduc No. 253 well, Mr. Moseson shall cause to be paid and delivered at his sole cost and expense, free and clear of all royalties, charges and encumbrances, to Imperial as and when the same shall be produced, 5% of all crude oil produced from each such well, until Imperial shall have received 5,000 barrels of crude oil in respect of each such well;

(ii) Mr. Moseson shall pay to Imperial all royalties payable to the lessor named in the lease of the said N.W. $\frac{1}{4}$; and

(iii) In the event that production of the leased substances is not obtained from any well drilled upon the said lands within 4 months after the date of the abandonment of the last well drilled on the said lands, or in the event that production is obtained from such well, within 60 days after the date of completion of such producing well, Mr. Moseson shall commence and thereafter diligently and continuously prosecute and carry on to completion the drilling of another well on the said lands, until such time as the said lands have been fully developed and drilled as provided by law.

By agreement dated the 17th day of May, 1951, Mr. Moseson assigned to Central Explorers Limited an undivided one-half interest in all of his right, title, interest and estate in and to Imperial Leduc No. 253 well, the said equipment, the said legal subdivision 11, an undivided 40% interest in the first well to be drilled on the said lands pursuant to the Imperial agreement, and an undivided one-half interest in each of four subsequent wells to be drilled under that agreement, and the legal subdivision of the said lands whereon the same shall be situate.

By indenture dated the 25th day of September, 1951, in consideration of 748,000 fully paid shares without nominal or par value in the capital stock of the Company to be issued to Mr. Moseson and his nominees, he paid \$5,000.00 to the Company (in payment for 25,000 of the said shares at the price of 20c per share) and assigned to the Company:

(i) An undivided 25% interest in and to all his right, title and interest in Imperial Leduc No. 253 well in the Leduc-Woodbend field, the said equipment, the said Lsd. 11, the said lands other than Lsd. 6 thereof, plus the further undivided 25% interest in any legal subdivision thereof which Banff Oil Ltd. may not elect to acquire as hereinafter mentioned;

(ii) An undivided 30% of his interest in the first well to be drilled pursuant to the Imperial agreement and the said legal subdivision 6. By the same indenture, Mr. Moseson agreed with the Company:

LIST OF PROPERTIES (Continued)

(i) At his own cost and expense to prosecute to such extent as a majority of the directors of the Company shall request, an action now pending in the Supreme Court of Alberta, Judicial District of Edmonton, between himself and Pierre, otherwise known as Peter, Berube, pertaining to the validity of a lease (hereinafter referred to as "the Berube lease") made on or about the 25th January, 1951, whereby Mr. Berube leased to Mr. Moseson all petroleum, natural gas and related hydrocarbons other than coal within, upon or under the E. $\frac{1}{2}$ of Sec. 31 the N.W. $\frac{1}{4}$ of Sec. 35, in Township 50, the S. $\frac{1}{2}$ of Sec. 1, the N. $\frac{1}{2}$ of Sec. 2, the N.E. $\frac{1}{4}$ of Sec. 3, in Township 51, all in Range 24, West of the 4th Mer., for the term of 2 years subject to the terms and conditions therein contained, and in the event such action shall result in the validation of the Berube lease, Mr. Moseson shall assign all his right, title and interest therein to the Company;

(ii) To transfer to the Company four units of the capital of Kavanagh Oil Syndicate whereby he is entitled to 20% of the assets of such syndicate being a petroleum and natural gas lease of the N. $\frac{1}{2}$ of Sec. 19, in Township 48, Range 24, West of the 4th Mer., in the Kavanagh area.

By an indenture dated the 2nd day of October, 1951, made between Mr. Moseson and Banff Oil Ltd., he assigned to Banff Oil Ltd. an undivided 25% of all his right, title and interest by virtue of the Imperial agreement in and to Imperial Leduc No. 253 well, the said equipment, Lsd. 11 of the said Sec. 13, an undivided 20% of all his right, title and interest by virtue of the Imperial agreement in and to the well to be drilled on Lsd. 6 of the said Sec. 13 pursuant to the Imperial agreement, and an undivided 25% of all his right, title and interest by virtue of the Imperial agreement in and to the next well to be drilled thereunder. By the same indenture it was agreed that should Central Explorers Limited or the Company propose to drill any further well or wells upon the said lands, Mr. Moseson should cause notice in writing thereof to be given to Banff, within 30 days after receipt of such notice Banff should advise the party giving such notice whether or not it would participate in the cost of drilling the proposed well, and if Banff should elect to participate, it should be responsible for 25% of the cost of drilling such well to completion and become entitled to a full undivided 25% therein and the legal subdivision whereon the same should be drilled. Banff has elected to participate in the drilling of all wells drilled and two further wells planned on the lands subleased by Imperial Oil Limited as aforesaid.

By sublease dated the 8th day of November, 1951, Imperial Oil Limited pursuant to the Imperial agreement sublet and granted unto Paul Moseson, Banff Oil Ltd., Central Explorers Limited and the Company, all petroleum, natural gas and related hydrocarbons in legal subdivisions 5 and 6 of the said Section 13 down to and including the Nisku (D-2) member of the Winterburn formation from the date of execution thereof to the 13th January, 1957, subject to renewal as therein provided, reserving to the sublessor a gross royalty of 12 $\frac{1}{2}$ % of all production of the leased substances or any of them produced, saved and marketed from the said lands, and a further gross royalty of 5% of all the crude oil produced from each well, until the sublessor shall have received 5,000 barrels of crude oil in respect of each such well.

By sublease dated the 8th day of November, 1951, Imperial Oil Limited, pursuant to the Imperial agreement, sublet unto Paul Moseson, Banff Oil Ltd., Central Explorers Limited and the Company, all the petroleum, natural gas, natural gasoline and related hydrocarbons other than coal in the N.W. $\frac{1}{4}$ of the said Section 13, down to and including the Nisku (D-2) member of the Winterburn formation, from the date thereof to the 7th March, 1960, renewable as therein provided, reserving to the sublessor a gross royalty in cash of 12 $\frac{1}{2}$ % of the current market value of all of the leased substances saved and sold out of the said lands, and a further gross royalty of 5% of all the crude oil produced from each well, until the sublessor shall have received 5,000 barrels of crude oil in respect of each such well.

(2) By an agreement dated the 14th day of November, 1951, made between the Company and D. Rae Fisher, of 201 Lancaster Building, Calgary, Alberta, he agreed to sell and the Company agreed to purchase for the sum of \$150,000.00 the following petroleum and natural gas interests:

(a) Fisher's undivided two-thirds interest in and to the petroleum and natural gas within and under the following properties in the Hanna area:

- (i) The N.E. $\frac{1}{4}$ of Section 5-32-15, W. 4th Mer., being Lease No. 74595;
- (ii) The N.E. $\frac{1}{4}$ of Section 7-32-15, W. 4th Mer., being Lease No. 74587;
- (iii) The S.W. $\frac{1}{4}$ of Section 18-32-15, W. 4th Mer., being Lease No. 74630;
- (iv) The N.E. $\frac{1}{4}$ of Section 24-32-15, W. 4th Mer., being Lease No. 74603;
- (v) The S.W. $\frac{1}{4}$ of Section 23-32-15, W. 4th Mer., being Lease No. 74606;
- (vi) The N.E. $\frac{1}{4}$ of Section 9-32-15, W. 4th Mer., being Lease No. 74583;

it being expressly understood and agreed that the Company's acquisition of Fisher's interests is subject to the aforementioned Crown leases, and in addition to the Crown royalty therein provided (which is on a sliding scale of 5-16 $\frac{2}{3}$ % based on production), a gross over-riding royalty in favor of Fisher of 2 $\frac{1}{2}$ %.

(b) An undivided one-half interest in and to the petroleum and natural gas within the following properties in the Taber area:

- (i) Department of Mines and Minerals Receipt No. 18162 covering S.E. $\frac{1}{4}$ of Sec. 18-12-17, W. 4th Mer.,
- (ii) Department of Mines and Minerals Receipt No. 18163 covering S.W. $\frac{1}{4}$ of Sec. 18-12-17, W. 4th Mer.,
- (iii) Department of Mines and Minerals Receipt No. 18164 covering N.E. $\frac{1}{4}$ of Sec. 18-12-17, W. 4th Mer.,
- (iv) Department of Mines and Minerals Receipt No. 18165 covering N.W. $\frac{1}{4}$ of Sec. 18-12-17, W. 4th Mer.,
- (v) Department of Mines and Minerals Receipt No. 18166 covering S.E. $\frac{1}{4}$ of Sec. 19-12-17, W. 4th Mer.,
- (vi) Department of Mines and Minerals Receipt No. 18167 covering S.W. $\frac{1}{4}$ of Sec. 19-12-17, W. 4th Mer.,
- (vii) Department of Mines and Minerals Receipt No. 18168 covering N.E. $\frac{1}{4}$ of Sec. 19-12-17, W. 4th Mer.,
- (viii) Department of Mines and Minerals Receipt No. 18169 covering N.E. $\frac{1}{4}$ of Sec. 24-12-18, W. 4th Mer.,
- (ix) Department of Mines and Minerals Receipt No. 18170 covering N.W. $\frac{1}{4}$ of Sec. 19-12-17, W. 4th Mer.,

it being expressly understood and agreed that the Company's acquisition of Fisher's interests is subject to the aforementioned Crown leases, and in addition to the Crown royalty therein provided (which is on a sliding scale of 5-16 $\frac{2}{3}$ % based on production) a gross over-riding royalty in favor of Fisher of 2 $\frac{1}{2}$ %.

(c) Three-fifths of Fisher's interest in and to petroleum and natural gas reservation dated the 6th day of May, A.D. 1950, and numbered 1174 and issued in the name of one Harold W. Siebens, the said interest of Fisher being evidenced by an undated declaration duly signed by the said Harold W. Siebens and by a further agreement dated the 5th day of July, A.D. 1951, between Harold W. Siebens of the first part and Model Oils Limited and D. Rae Fisher of the second part, and being an interest with Model Oils Limited to acquire out of the said reservation that quarter-section of land containing 160 acres more or less out of any leases that may be obtained under the reservation which Fisher and Model may select, the said selection being postponed if desired until a well has been drilled on some part of the said land comprised in the said reservation to a depth of 5,000 feet or to the bottom of the Lower Cretaceous, and Fisher's undivided interest with Model being 25%, and there being reserved by Fisher, it being expressly agreed that henceforth the Company shall and will bear any and all expenses whether by way of drilling or otherwise arising from Fisher's interest in the said lands.

(3) By an agreement dated the first day of November, 1951, made between Model Oils Limited, of 201 Lancaster Building, Calgary, Alberta, and the Company, the Company has agreed to develop and recover the petroleum, natural gas, natural gasoline and related hydrocarbons in the Nisku member (D-2) of the Winterburn formation within the S. $\frac{1}{2}$ of Section 17-50-26, W. 4th Mer., jointly with Model Oils Limited, pursuant to two sub-leases which Model Oils Limited is entitled to receive from Imperial Oil Limited, reserving unto Imperial Oil Limited a gross royalty of 16 $\frac{1}{2}$ %. In consideration of the Company assuming and carrying out all of the drilling obligations under the said sub-leases, the Company is entitled to receive 75% of the net proceeds of production from the said lands until all sums expended by the Company have been repaid together with interest of 4 $\frac{1}{2}$ % per annum and thereafter 50% of the said net proceeds of production.

(4) One unit of Reynolds No. 2 Gross Royalty Trust whereof the said one unit represents an interest of 1% of the proceeds of production of all petroleum, natural gas and related hydrocarbons produced from any well situate on the N.E. $\frac{1}{4}$ of Section 17-47-27, W. 4th Mer., in the Pigeon Lake area.

(5) (a) Two units in the Pigeon Lake Gross Royalty Trust whereof the said units represent an interest of 2% of the proceeds of production of all wells situate on the S.E. $\frac{1}{4}$ of Section 7-47-27, W. 4th Mer., in the Pigeon Lake area; (b) two units in the Pigeon Lake Gross Royalty Trust whereof the said units represent an interest of 2% of the proceeds of production of all wells situate on the S.W. $\frac{1}{4}$ of Section 27-47-27, W. 4th Mer., in the Pigeon Lake area; (c) two units in the Pigeon Lake Gross Royalty Trust whereof the said units represent an interest of 2% of the proceeds of production of all wells situate on the N.W. $\frac{1}{4}$ of Section 5-47-27, W. 4th Mer., in the Pigeon Lake area.

(6) 20 $\frac{1}{2}$ shares of the capital stock of Devon Drilling Company Limited, a private company incorporated under The Companies Act (Alberta) with an authorized capital of 250 shares of \$1,000.00 each, whereof 128 shares have been issued as fully paid.

(7) Four units in the capital of Peco Syndicate, whereof each unit represents an interest of 5% in the assets of such syndicate, being Petroleum and Natural Gas Reservations Nos. 1163, 1164, 1165 and 1424 issued by the Department of Mines and Minerals of the Province of Alberta and comprising lands in the Saunders, Alberta, area.

(8) 50,000 fully paid shares of \$1.00 each, being all of the issued shares in the capital stock of Ponder Oils Incorporated, a Delaware corporation.

ROYALTIES ON COMPANY PROPERTIES

(1) In respect of Lsd.'s 5 and 6 of Section 13-50-27, W. 4th Mer., 12 $\frac{1}{2}$ % gross to Erick Moberg and 5% of all crude oil produced from each well to Imperial Oil Limited, until it shall have received 5,000 barrels from each well;

(2) In respect of Lsd. 11 of the said Section 13, 12 $\frac{1}{2}$ % gross to the C.P.R.;

(3) In respect of Lsd.'s 12, 13 and 14 of the said Section 13, 12 $\frac{1}{2}$ % gross to the C.P.R. and 5% of all crude oil produced from each well to Imperial Oil Limited until it shall have received 5,000 barrels of crude oil from each well; and

(4) Royalties in respect of other lands as mentioned in item 21.

FINANCIAL STATEMENTS

SUPPLEMENTAL FINANCIAL INFORMATION

Since February 29th, 1952, the date of the Balance Sheet published below, the Company has received the sum of \$315,000 from the sale of an additional 200,000 treasury shares as set out in item 10 on page 2, and its cash position and issued capitalization have been increased accordingly.

BALANCE SHEET AS AT FEBRUARY 29, 1952

ASSETS

CURRENT ASSETS:

Cash on hand and in bank.....	\$ 32,402.95	
Accounts receivable:		
Joint interest participants.....	\$ 2,242.49	
Sundry debtors.....	44,511.20	
		46,753.69
Prepaid expenses.....		815.40
		\$ 79,972.04

Deduct: CURRENT LIABILITIES:

Accounts payable:		
Joint interest participants.....	\$ 32,174.25	
Sundry.....	98,167.71	
		130,341.96

NET CURRENT ASSETS..... \$ (50,369.92)

OTHER ASSETS:

Investments.....	\$123,000.00	
Deferred accounts receivable:		
Security deposit, Trans-Canada Air Lines.....	\$ 425.00	
Refundable drilling deposit.....	625.00	
		1,050.00
Work in progress—undistributed.....		465.00
		124,515.00

FIXED ASSETS:

Leaseholds and development expenditures at cost.....	\$584,679.79	
Equipment at cost.....	85,447.51	
		670,127.30

PRELIMINARY EXPENSES..... 4,785.68

NET ASSETS..... \$749,058.06

SOURCE OF NET ASSETS

SHARE CAPITAL:

Authorized—4,000,000 shares without nominal or par value.		
Issued and fully paid:		
For cash.....	777,000	\$600,800.00
For petroleum and natural gas leases, rights and agreements	723,000	144,600.00
	1,500,000	\$745,400.00

EARNED SURPLUS: Net Profit, per Operating Statement..... 3,658.06

\$749,058.06

ACCOUNTS RECEIVABLE AS AT FEBRUARY 29, 1952

PRODUCING:		
Imperial Oil Limited.....		\$31,890.69
OPERATING:		
American Northland Oil Company.....	\$ 318.95	
R. Campbell and Associates.....	1,875.92	
Hargal Oils Ltd.....	7.89	
Scurry Oils Limited.....	1,221.48	
		<u>3,424.24</u>
JOINT INTEREST PARTICIPATION:		
Devon Drilling Company Limited.....		2,242.49
MISCELLANEOUS:		
W. L. Falconer.....	\$ 108.40	
Model Oils Limited.....	8,437.75	
P. E. Moseson.....	626.92	
N. S. McDonald.....	5.00	
Unemployment Insurance Commission.....	18.20	
		<u>9,196.27</u>
		<u>\$46,753.69</u>

ACCOUNTS PAYABLE AS AT FEBRUARY 29, 1952

INVENTORY AND EQUIPMENT:		
R. A. Knudson.....	\$ 125.00	
Lucey Export (Canada) Ltd.....	417.12	
Black Sivalls & Bryson Ltd.....	3,072.65	
Canadian Construction Co. Ltd.....	4,495.81	
Continental Supply Company Ltd.....	8,956.20	
Crane Limited.....	5,255.98	
Delair's Ltd.....	145.04	
Jones & Laughlin Supply Company.....	134.10	
Sundry.....	83.66	
		<u>\$ 22,685.56</u>
WELL DRILLING, CEMENTING AND FOOTING, ETC.:		
Devon Drilling Company Ltd.....	\$25,526.13	
Lucey Export (Canada) Ltd.....	448.71	
Denton-Spencer Company Ltd.....	500.00	
Halliburton Oil Well Cementing Co. Ltd.....	6,366.42	
Continental Supply Company Ltd.....	28,112.01	
James & Reimer Ltd.....	380.00	
Jones & Laughlin Supply Company.....	471.63	
Link & Nauss Ltd.....	1,667.00	
McFarland Lumber Yards Ltd.....	175.50	
Schlumberger Well Surveying Corporation.....	854.86	
Surface Leasing Service.....	134.48	
Thorson Oil Field Cementing Ltd.....	181.30	
Sundry.....	80.45	
		<u>64,898.49</u>
JOINT INTEREST PARTICIPATION:		
Banff Oil Ltd.....	\$10,177.53	
Central Explorers Limited.....	18,855.01	
Devon Drilling Company Ltd.....	730.69	
Model Oils Limited.....	2,411.02	
		<u>32,174.25</u>
MISCELLANEOUS:		
Royalties Payable.....	\$ 792.59	
Hotel Palliser.....	293.46	
Imperial Oil Limited (royalties).....	4,507.49	
Lucey Export (Canada) Ltd.....	230.92	
Receiver General of Canada.....	469.80	
Bank of Montreal, Leduc (royalties, a/c E. Moberg) ..	656.55	
Bray Agencies.....	221.85	
Imperial Oil Limited.....	202.77	
MacMillan & Latta Motors Ltd.....	125.70	
Nolan, Chambers, Might, Saucier & Peacock.....	1,367.55	
E. T. Latham.....	150.80	
Apex Operators Limited.....	250.00	
Sundry.....	1,314.18	
		<u>10,583.66</u>
		<u>\$130,341.96</u>

INVESTMENTS AS AT FEBRUARY 29, 1952

Reynolds No. 2 Gross Royalty—N.E. $\frac{1}{4}$, 17-47-27, W. 4th—Bonnie Glen Area.....	1%	\$ 5,000.00
Pigeon Lake Gross Royalty Trust—S. $\frac{1}{2}$ 7 and N.W. $\frac{1}{4}$ 5-47-27, W. 4th.....	2%	30,000.00
Devon Drilling Company Limited.....	20 $\frac{1}{2}$ shares	48,000.00
Peco Syndicate.....	4 units	40,000.00
		<u>\$123,000.00</u>

OPERATING STATEMENT — NINE MONTHS ENDED FEBRUARY 29, 1952

	<i>Month of February, 1952</i>	<i>9 Months ended 29 Feb., 1952</i>
INCOME FROM OPERATIONS:		
Well Operations: Gross sales, less royalties.....	\$10,859.39	\$31,593.79
Deduct: Operating expenses.....	559.04	3,797.87
NET INCOME FROM WELL OPERATIONS.....	\$10,300.35	\$27,795.92
Less:		
General and administrative expenses.....	\$ 4,641.43	\$23,627.30
Engineering department expenses.....	(85.82)	2,131.00
NET INCOME FROM OPERATIONS.....	\$ 5,744.74	\$ 2,037.62
OTHER INCOME:		
Miscellaneous income.....	769.61	\$ 3,046.59
Less: Miscellaneous expenses.....	41.56	1,426.15
TOTAL NET INCOME, before provision for depreciation, depletion and income taxes....	<u>\$ 6,472.79</u>	<u>\$ 3,658.06</u>

WELL OPERATIONS FOR NINE MONTHS ENDED FEBRUARY 29, 1952

	<i>Month of February, 1952</i>	<i>Per bbl. value of net sales and expenses</i>	<i>9 months ended 29 Feb., 1952</i>	<i>Per bbl. value of net sales and expenses</i>
CRUDE OIL SALES:				
Barrels.....	5,314.16		14,617.83	
Less: Royalties.....	1,175.92		2,608.20	
NET BARRELS.....	<u>4,138.24</u>		<u>12,009.63</u>	
VALUE:				
Gross Sales.....	\$13,923.07		\$38,298.71	
Less: Royalties.....	3,063.68		6,704.92	
NET SALES.....	<u>\$10,859.39</u>	<u>\$2.6242</u>	<u>\$31,593.79</u>	<u>\$2.6307</u>
OPERATING EXPENSES:				
Supervision.....			\$ 150.00	\$0.0125
Labor.....	\$ 303.87	\$0.0735	1,169.26	0.0974
Hauling.....	32.05	0.0077	760.74	0.0633
Supplies and Expenses.....	144.98	0.0350	811.36	0.0676
Treating.....	(.42)	(0.0001)	28.96	0.0024
Maintenance.....	49.03	0.0118	96.69	0.0080
Lease Rentals.....			175.51	0.0146
Special Assessments.....	12.75	0.0031	12.75	0.0011
Transportation.....	16.78	0.0041	542.30	0.0452
Insurance.....			37.80	0.0031
Miscellaneous.....			12.50	0.0010
	<u>\$ 559.04</u>	<u>\$0.1351</u>	<u>\$ 3,797.87</u>	<u>\$0.3162</u>
NET INCOME FROM WELL OPERATIONS BEFORE PROVISION FOR DEPRECIATION	<u>\$10,300.35</u>	<u>\$2.4891</u>	<u>\$27,795.92</u>	<u>\$2.3145</u>

Certified Correct: "W. L. FALCONER," *Director*.
"J. J. SAUCIER," *Director*.

ENGINEER'S REPORT

Supplementary Reserve Report on Developed and Undeveloped Properties of Ponder Oils Limited

A.—COMPANY: Ponder Oils Limited.

B.—PROPERTY: Leduc-Woodbend Field—Section 13, Township 50, Range 27, West of the 4th Meridian.
Legal subdivisions 5, 6, 11, 12, 13 and 14.
Section 17, Township 50, Range 26, West of the 4th Meridian.
Legal subdivisions 1, 2, 3, 4, 5, 6, 7 and 8.
Pidgeon Lake Area—S.E. and S.W. $\frac{1}{4}$ Section 7, Township 47, Range 27, West of the 4th Meridian.
N.W. $\frac{1}{4}$ Section 5, Township 47, Range 27, West of the 4th Meridian.
N.E. $\frac{1}{4}$ Section 17, Township 47, Range 27, West of the 4th Meridian.
Joseph Lake Area—S.W. $\frac{1}{4}$ Section 9, Township 50, Range 23, West of the 4th Meridian.
S.E. $\frac{1}{4}$ Section 7, Township 51, Range 24, West of the 4th Meridian.
N.W. $\frac{1}{4}$ Section 5, Township 51, Range 24, West of the 4th Meridian.
S.E. $\frac{1}{4}$ Section 1, Township 51, Range 25, West of the 4th Meridian.
Saunders Area—Reservation numbers 1163, 1164, 1165 and 1424.

C.—CO-OWNERS: Leduc-Woodbend Field—Section 13, Township 50, Range 27, West of the 4th Meridian:
Ponder Oils Limited; Central Exploration; Banff Oils Limited.
Section 17, Township 50, Range 26, West of the 4th Meridian:
Ponder Oils Limited; Model Oils Limited.
Other Lands: Partnership interests not shown herein.

D.—ROYALTIES PAYABLE: Leduc-Woodbend Field—Section 13, Township 50, Range 27, West of the 4th Meridian:
5,000 barrels per well to Imperial Oil Ltd., except on Lsd. 11.
12 $\frac{1}{2}$ % gross royalty to others on all wells.
Section 17, Township 50, Range 26, West of the 4th Meridian:
16 $\frac{1}{2}$ % gross royalty to Imperial Oil Limited.
Other Lands—Royalties payable not given herein.

E.—PONDER OILS LIMITED-INTEREST: Leduc-Woodbend Field—Section 13, Township 50, Range 27, West of the 4th Meridian:
Legal Subdivision 6.....30%
Legal Subdivisions 5, 11, 12, 13 and 14.....25%
Section 17, Township 50, Range 26, West of the 4th Meridian:
Until recovery of Ponder Oils Limited costs.....75%
After recovery of Ponder Oils Limited costs.....50%
Other Lands—Ponder Oils Limited interest not shown herein.

F.—ESTIMATE OF RESERVES—PONDER OILS LIMITED-INTEREST: Proven Oil Reserves..... 359,636 bbls.
Probable Oil Reserves..... 625,654 bbls.
Proven Gas Reserves..... 744,863 m.c.f.
Probable Gas Reserves.....1,295,050 m.c.f.

G.—ESTIMATE OF RESERVES—OTHER LANDS:

Since insufficient drilling has been carried on in adjacent properties to the other lands given above in which Ponder Oils Limited has an interest, no reserve estimates can be made. A general discussion of these lands is given in Section F of this report.

INTRODUCTION

The purpose of this report is to supplement two previous reports, dated December 6th, 1951 and February 12th, 1952, on the proven and probable oil and gas reserves for the Ponder Oils Ltd., on certain properties in the Leduc-Woodbend field. Subsequent to the first report mentioned herein, six additional producing wells have been drilled, which necessarily changes the proven and probable reserves. The properties under consideration are as follows:

- A.—PROVEN PROPERTIES: Lsd. 6, 12, 11, 14 of Section 13, Township 50, Range 27, West of the 4th Meridian
Lsd. 2, 3, 4, 5, 7 of Section 17, Township 50, Range 27, West of the 4th Meridian
B.—PROBABLE PROPERTIES: Lsd. 5, 13, Section 13, Township 50, Range 27, West of the 4th Meridian
Lsd. 1, 6, 8, Section 17, Township 50, Range 27, West of the 4th Meridian

Also included in section F is a general discussion on lands and interests acquired subsequent to our first report.

DISCUSSION

A.—General:

As mentioned above, six additional producing wells have been drilled subsequent to our first report on the above properties. This report deals specifically with the three wells, namely, Ponder Explorers No. 4, Ponder Model Leduc No. 4 and Ponder Model Leduc No. 5, reported on in our report of February 12, 1952, and the Ponder Model Leduc Nos. 2, 3 and 7, drilled subsequent to this report. Also included in this report are our reserve calculations for the Ponder Explorers Nos. 1, 2 and 3 wells, which were producing at the time of our first report dated December 6, 1951, and the probable oil reserves for yet undrilled locations. Table No. 1 gives the proven and probable oil and gas reserves for the six additional producing wells, since our first report, and Table No. 2 gives the proven and probable oil and gas reserves for the entire properties under consideration.

B.—Reservoir and Geological Consideration:

(1) PONDER EXPLORERS NO. 4:

A study of the electrolog indicates that the top of the D-2 reservoir in this well was encountered at approximately 5,150 feet, or a subsea elevation of -2,854 feet. The well was bottomed at 5,240 feet, or a subsea elevation of -2,944 feet, a total of 90 feet into the D-2 horizon. The oil-water interface in this section of the field is not known, although a small quantity of water was found in the No. 2 well on the final drill stem test. The No. 2 well is bottomed at -2,924 feet, some twenty feet higher than the subject well. Thus it is difficult to come to any conclusion as to the exact position of the oil-water interface, particularly when consideration is given to the No. 1 and No. 3 wells. Thus, no consideration has been given herein as to probable oil reserves for the subject well.

(2)—PONDER MODEL LEDUC NOS. 2, 3, 4, 5 AND 7:

A thorough study of the electrologs on the above wells places the D-2 tops between 5,086 feet (or -2,719 feet subsea) and 5,125 feet (or -2,748 feet subsea). The wells are bottomed between 5,138 feet (or -2,767 feet subsea) and 5,178 feet (or -2,801 feet subsea). These were all cored and tested until conclusive evidence was obtained that they were producers, at which time they were completed. Electrologs and core analysis were obtained on all wells. In this particular section of the field the water table has been reported from -2,800 feet subsea to -2,867 feet subsea, and since these wells were completed close to or above these figures it is not unlikely that additional probable oil reserves will be obtained. We have assumed in our calculations a postulated oil-water interface of -2,841 feet subsea, which we consider conservative.

C.—Calculating Reserves:

The method used to calculate the reserves for the properties under consideration is the volumetric method. A thorough study of the electrologs and core analyses for each well was made, and from these the calculations of proven and probable oil and gas reserves were made.

The factors used in the reserve calculations are listed below.

1.—PAY THICKNESS:

A study of each electrolog and core analysis indicated the entire D-2 pay opened up was capable of producing with the exception of certain dense portions with low permeabilities and porosities. In each case these dense sections with low permeability were deducted from the total pay section drilled.

In the case of probable reserves the thickness from the present bottom of the well to the postulated oil-water interface of -2,841 feet subsea was used. The percentage of dense section in each well, in the section drilled was assumed would occur in the undrilled section above -2,841 feet, and applied against the pay thickness between the present bottomed depth and -2,841 feet subsea.

ENGINEER'S REPORT (Continued)

- 2.—POROSITY:
The weighted average porosity from core analyses was used in all cases. It is interesting to note in all cases the actual porosities were greater than those assumed in our first report.
- 3.—SHRINKAGE FACTOR:
Recent reservoir studies of the Leduc-Woodbend field indicated shrinkage factor of .682. This factor was used in our calculations.
- 4.—CONNATE WATER: The known and accepted factor of 15% was used.
- 5.—RECOVERY FACTOR:
A recovery factor of 20% was used in the case of Ponder Explorers No. 4 and a recovery factor of 25% was used in the other wells, owing to their higher porosities and permeabilities.

D.—Calculation of Gas Reserves:
The gas reserves were calculated at three times the solution gas-oil ratio. (690 cu. ft. per bbl.) times the recoverable oil.

E.—Reserve Calculation Tables:
Table I —Reserve calculation recent D-2 producing wells in both Sections 13 and 17.
Table II —Reserve calculation D-2 producing wells in Section 13 and undrilled locations in Section 13 and Section 17.
Table III—Recompilation of Tables I and II.

F.—Geological Discussion of Other Lands:
In addition to other lands previously reported on, Ponder Oils Ltd. has acquired since January 1, 1952, the following interests:

1.—PIDGEON LAKE AREA:
2% gross royalty on S.E. ¼ and S.W. ¼ Section 7, Township 47, Range 27, West of the 4th Meridian.
2% gross royalty on N.W. ¼ Section 5, Township 47, Range 27, West of the 4th Meridian.

These lands are located approximately one mile southwest of the Texaco Bonnie Glen No. 1 Devonian D-3 discovery. There are now three drilling rigs working on the general area.

2.—PECO SYNDICATE:
Ponder Oils Ltd. have acquired four units in the Peco Syndicate which holds approximately 360,000 acres covered by land reservations numbers 1163, 1164, 1165 and 1424. These reservations are located seven miles northwest of Saunders, Alberta and extend some seventy miles northwest. The lands are located on the west flank of the Alberta Syndicate.

3.—JOSEPH LAKE AREA:
Ponder Oils Ltd. holds a 50% interest in the following lands:
S.W. ¼ Section 9, Township 50, Range 23, West of the 4th Meridian
S.E. ¼ Section 7, Township 51, Range 24, West of the 4th Meridian
N.W. ¼ Section 5, Township 51, Range 24, West of the 4th Meridian
S.E. ¼ Section 1, Township 51, Range 25, West of the 4th Meridian.

These lands are located in the general Joseph Lake area. The Joseph Lake field produces 36 degrees gravity crude from the Viking sandstone at an average depth of 3,200 feet.

4.—REYNOLDS GROSS ROYALTY TRUST:
Ponder Oils Ltd. have acquired a 1% gross royalty in the Reynolds Royalty Trust on the N.E. ¼ of Section 17, Township 47, Range 27, West of the 4th Meridian. This land is located in the general Bonnie Glen area.

March 21, 1952. "JOHN R. McKAY," R.P.E.

TABLE I
PONDER INTEREST—PROVEN AND PROBABLE RESERVES AS OF MARCH 1, 1952

WELL	OIL (BBLs)		GAS (M.C.F.)	
	Proven	Probable	Proven	Probable
*Ponder Explorers No. 4.....	23,258	Nil	48,149	Nil
Ponder Model Leduc No. 2.....	45,677	48,132	94,551	99,633
Ponder Model Leduc No. 3.....	55,055	48,446	113,963	100,283
*Ponder Model Leduc No. 4.....	45,913	68,161	95,039	141,093
*Ponder Model Leduc No. 5.....	55,312	66,652	114,958	137,969
Ponder Model Leduc No. 7.....	56,144	52,904	116,218	109,511
	281,359	284,295	582,868	588,489

*Deductions for oil produced in February have been made.

TABLE II
PONDER INTEREST—PROVEN AND PROBABLE RESERVES AS OF MARCH 1, 1952

WELL	OIL (BBLs.)		GAS (M.C.F.)	
	Proven	Probable	Proven	Probable
*Ponder Explorers 1.....	21,274		44,000	
*Ponder Explorers 2.....	27,837		57,622	
*Ponder Explorers 3.....	29,166		60,373	
**Ponder Explorers 5.....		17,350		35,915
**Ponder Explorers 6.....		29,660		61,396
**Ponder Model Leduc 1.....		101,544		210,196
**Ponder Model Leduc 6.....		89,014		184,258
**Ponder Model Leduc 8.....		103,791		214,796
	78,277	341,359	161,995	706,561

*Producing wells—deduction made for production in December, January and February.
**Undrilled probable locations.

TABLE III
PONDER INTEREST—RECOMPILATION TABLES I AND II

	Proven	Probable	Proven	Probable
	Oil Reserves Bbls.	Oil Reserves Bbls.	Gas Reserves M.C.F.	Gas Reserves M.C.F.
D-2 Producing Wells.....	359,636	284,295	744,863	588,489
D-2 Undrilled Locations.....		341,359		706,561
Totals	359,636	625,654	744,863	1,295,050

CERTIFICATE

I, John R. McKay, Petroleum Engineer, of the City of Calgary, in the Province of Alberta, do hereby certify:

1. That I am a registered Professional Engineer and reside at 2105 Seventh Street West, Calgary, Alberta.

2. That I am a Petroleum Engineering graduate of the University of Oklahoma, and have practised as a Petroleum Engineer for ten (10) years.

3. That I have not, nor do I expect to receive any direct or indirect interest whatsoever in the holdings discussed in this report, nor in the securities of Ponder Oils Limited.

4. That the accompanying report is not based upon personal examination of the properties, but is based upon an examination of production records, geological data, core analyses, electrologs on the general areas.

Signed: "JOHN R. McKAY,"
Registered Professional Engineer.

Calgary, Alberta, March 21, 1952

